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RUCNCOM/EC CARICOM COLLECTIVE  
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UNCLAS PORT OF SPAIN 000168

SIPDIS

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SENSITIVE

E.O. 12958: N/A

TAGS: [EPET](#) [ECIN](#) [PREL](#) [TD](#)

SUBJECT: TRINIDAD CEDES ENERGY SUPPLIER ROLE TO VENEZUELA WHILE  
MOVING CLOSER TO DEVELOPING SHARED GAS RESERVES

REF: (A) 06 POS 863, (B) 06 POS 1126 (NOTAL)

SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY

¶1. (SBU) SUMMARY: GOTT Foreign Minister Piggott made local headlines with a statement that Venezuela has replaced Trinidad & Tobago as the dominant energy supplier to the Caribbean. Piggott also announced that T&T and Venezuela initialed a framework unitization agreement for cross-border natural gas deposits on February 9. The GOTT appears to be adjusting to the fact that most CARICOM partners have not been persuaded by warnings that Venezuela's PetroCaribe initiative poses energy security risks. At the same time the unitization agreement foreshadows a possible PetroCaribe role for T&T, by liquefying Venezuelan gas in Trinidad for sale to Jamaica on PetroCaribe terms. END SUMMARY.

¶2. (U) GOTT Foreign Minister Piggott told reporters that Venezuela has replaced Trinidad & Tobago as the dominant energy supplier to the Caribbean during a February 21 press conference. Piggott then announced that T&T and Venezuela initialed a framework unitization agreement for cross-border natural gas deposits on February 9. Piggott also took the opportunity to highlight a GOTT allocation of TT\$420 million (US\$67 million) to the CARICOM Petroleum Stabilization Fund, along with other financial contributions to CARICOM.

¶3. (U) MFA negotiator Gerald Thompson characterized the framework unitization agreement as the "major hurdle" for the two countries to move ahead with development of cross-border gas fields. The framework agreement provides a template for individual agreements on unitization of two fields, the Loran/Manatee field and the Kapok/Dorado. The key ingredient is to agree on the size and allocation of reserves in each field. One bilateral working group has already achieved this for Loran/Manatee (ref. A), and another working group will soon finish its work on Kapok/Dorado, Thompson predicted.

¶4. (SBU) While the framework unitization agreement is subject to political approval in both capitals, Thompson was confident of making steady progress, citing incentives on both sides: a shortage of natural gas in Venezuela, an ambitious program of gas-based industrial projects in Trinidad, and favorable market conditions. Thompson acknowledged that decisions have yet to be taken on how the gas would be commercialized, and he allowed for the possibility that some of Venezuela's share might feed into a new LNG train in Trinidad, for export on Venezuela's behalf.

¶5. (SBU) COMMENT: Prime Minister Manning went public last year (reftel B) with a warning that T&T would no longer be in a position to guarantee energy security in the Caribbean if the region embraced PetroCaribe. While press reports indicate that Manning used the most recent CARICOM meeting in St. Vincent to reiterate that message, FM Piggott's remarks at his February 21 press conference suggest that the GOTT is adjusting its public stance on PetroCaribe to the fact that such warnings have not dissuaded many in CARICOM

from embracing the Venezuelan initiative. In fact, progress in developing the cross-border gas fields could give T&T the opportunity to play a role in PetroCaribe, namely by converting Venezuela's share to LNG for sale to Jamaica and others in the region on PetroCaribe terms. Ken Julien, the chairman of T&T's National Energy Corporation and a close advisor to the Prime Minister, outlined this exact scenario in a recent meeting with the local American Chamber, framing it as a way for Trinidad and Tobago to satisfy its commitment to begin supplying LNG to Jamaica without having to start selling its own LNG on non-commercial terms. END COMMENT.

AUSTIN